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C O N F I D E N T I A L SECTION 01 OF 03 SARAJEVO 000469

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SUBJECT: BOSNIA - SEEKING RESOLUTION OF DEFENSE PROPERTY ISSUES

REF: A. A: 08 SARAJEVO 1656

1B. B: SARAJEVO 96

1C. C: SARAJEVO 169

Classified By: Amb. Charles English for reasons 1.4 (b) and (d)

11. (C) SUMMARY: Bosnia's progress towards reaching an "acceptable and resolution of defense property," one of the PIC's 5 objectives for closure of the Office of the High Representative, remains stalled, and recently we have seen some backsliding. With respect to moveable defense property -- that is, weapons, ammunition and military equipment (WAE) -- Republika Srpska (RS) officials are obstructing what should be a straightforward implementation of last year's agreement in ways that suggest that they do not fully accept that all WAE belong to the state, not the entities. An agreement on immovable defense property should be achievable based on the 2005 Defense Law, but politicians, particularly Bosniaks, have been reluctant to move forward on defense property absent an overall settlement of state property issues. Resolving defense property issues is an important part of the PIC's 5 2 agenda, but recent NATO assessments have also made clear that without resolution of property issues, the first phase of Bosnia's defense reform will remain incomplete, and Bosnia will be unable to begin the next phase of defense reform -- a prerequisite for further progress towards NATO. END SUMMARY.

Defense Property Vital to Bosnia's Defense Reform, Security

12. (C) Final resolution of defense property issues has been the "next step" in the first phase of defense reform since the creation of Bosnia's Armed Forces in 2005. Four years later, the failure to resolve defense property is one reason that Bosnia's armed forces do not look or act like a real army. Bosnia's 100,000 excess weapons and thousands of tons of dangerous excess ammunition and explosives remain scattered around Bosnia in the same caches where they were stored by the entity armies during the 1992-1995 war, and the Armed Forces remain unable to consolidate them. This presents the obvious threat of theft or self-ignition. The military also lacks unquestioned title and exclusive use of those properties it needs: many currently are shared with entity governments or have outside users, such as radio stations and non-governmental organizations. Just as importantly, the armed forces lacks the right to get rid of those sites it does not need. The failure to address defense property requires the Armed Forces to dedicate up to forty percent of their infantry to guard duty. In other words, army life has changed little for Bosnia's infantry despite the unification of the entity militaries. A former RS infantry soldier, for example, lives and works in the RS and reports to a Bosnian-Serb battalion commander. The soldier guards the excess WAE and the building in which the WAE is stored, over which RS officials continue to assert their

control. This weakens the perceived -- if not actual -- stability of Bosnia's unified command structure and raises questions about where its loyalties might lie in the event of a crisis.

Moveable Property Coming Undone

¶3. (C) Although the state has nominally owned movable defense property since the agreement of March 2008, Bosnia has yet to approve a plan for the responsible disposal of unneeded WAE. The agreement reserved final approval of a disposal plan for Bosnia's Tri-Presidency, and Bosnian-Serb Presidency member Radmanovic is using that approval to re-assert RS control over the process of deciding which WAE are to be sold, donated, or destroyed. In essence, Radmanovic is walking back from the agreement that the state owns and controls movable defense property. In September 2008, Deputy Minister of Defense Igor Crndak, a Bosnian-Serb from a party now in opposition, signed off on a disposal plan prepared by technical experts that called for destruction of the majority of excess WAE. He told us that Radmanovic's cabinet rejected the plan, and that he came under "tremendous political pressure" from them to rework the plan according to their wishes.

RS Seeking to "Donate" Excess Arms to Serbia

¶4. (C) Since then, Radmanovic's cabinet has continued to try and alter the MOD's disposal plan in ways that would prolong its implementation and prevent the Armed Forces from

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consolidating weapons caches and destroying WAE. Most controversially, Radmanovic and his cabinet are seeking to donate WAE to Serbia. Croat Presidency Member Zeljko Komsic's cabinet asserts that the donations to Serbia are in consideration for former RS-Army debt to Serbia, and therefore are not donations at all, something Radmanovic's cabinet would not deny to us. According to his advisors, Komsic will not approve any plan that donates state property in exchange for relief of war-time debt of the RS army. Nevertheless, Serbian defense officials were in Sarajevo and Banja Luka in March to meet both state and RS officials and look at tanks and planes in the RS. The press openly reported that Serbia was seeking to buy or be given RS military equipment despite the fact that Bosnia's Ministry of Defense had announced no tenders or contests for the WAE. The visit raised clear red flags: if Serbia wants to buy WAE from Bosnia they should engage in Bosnia's normal tender and export control procedures and negotiate with state-level officials only, not work with or through RS officials.

A Preference to Sell the Weapons Means They Stay Here

¶5. (C) Radmanovic's cabinet has also demanded that all weapons go through two six-month tender processes before they can be slated for destruction. Bosnia has 100,000 excess guns, many of which are valueless and none of which can be sold to countries complying with NATO standards. Bosnia's Ministry of Defense has no experience tendering anything for sale and has no department or people with experience to do so. Once the MOD establishes a process, any tender, once won, would still have to go through Bosnia's export control procedure, and then be subject to further specific approval of Bosnia's Tri-Presidency. According to Dragisa Mekic, (Bosnian-Serb) Assistant Minister of Foreign Trade and member of Bosnia's Export Control Committee which regulates the commercial sale of arms produced in Bosnia, Radmanovic's "two-tender plan" will likely guarantee the presence of excess WAE in Bosnia for years to come.

What Motives?

16. (C) Technical experts at the Defense Ministry tell us that Presidency advisors to Radmanovic who have little expertise or knowledge of the WAE in question are micro-managing the disposal plan because they believe that the RS will make money from the sale. (Note: Last year's agreement provides that entity governments take 80% of any proceeds from sale of moveable property, the state government 20 %. End Note.) While profit may be one factor behind RS obstruction of a destruction plan, Radmanovic's cabinet has not hidden that they are interested in keeping Bosnian-Serb control over what they view as RS property. "If this belongs to me, how can anyone tell me what I can do with it," Radmanovic's military advisor Dzuro Beronja told us on one occasion. On a recent visit to military barracks in Banja Luka, Bosnian-Serb Commander of the 6th Brigade asserted to us that the excess tanks stored there "belonged to the RS."

Pushing for Destruction

17. (C) We have sent Minister of Defense Cikotic a letter urging that the disposal plan for WAE favor destruction. The letter also outlined State Department programs funded by PM/WRA that could help defray destruction costs. Cikotic presented this letter to the Tri-Presidency March 31, pointing out that any solution that does not effectively and responsibly dispose of Bosnia's excess weapons would damage Bosnia's NATO prospects. Radmanovic's cabinet rebuffed Cikotic, noting that they would approve only a disposal plan that favors sale, except in the case of specific donations. In response to our letter, Radmanovic agreed to "allow" the destruction of 26,000 M16's the U.S. provided to the Federation Army as part of the Train and Equip Program, weapons over whose fate we have final say anyway. While we have nothing against the responsible donation or sale of excess WAE, we believe that the process Radmanovic's cabinet is insisting upon will result in further obstruction of a final agreement and the continued presence of excess WAE in Bosnia for years to come. This fact has been echoed in a joint letter from UNDP, OSCE, EUFOR, and NATO to Bosnia's Presidency urging destruction, noting that the international community has sufficient resources available to fund the destruction of Bosnia's excess WAE.

Immoveable Property

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18. (C) The Prud Agreement of November 2008 implied an understanding among the main political parties that prospective state property, including defense property, would be registered in the state's name and non-prospective property would be registered in the name of lower levels of government. Combined with past accomplishments with respect to defense property, the Prud Agreement opened up the prospect for an immediate solution to immovable defense property. The Defense Law and the Presidency Decision on the Size, Structure and Location of Armed Forces already define which immovable properties the Ministry of Defense will control and which will be returned to lower levels of government as well as the legal mechanism for registering the state's title. These hard-won accomplishments do not yet exist for other former state property: in fact, there is no legal framework for resolving all other state property issues. Six months on, the post-Prud talks of an overall settlement to state property have bogged down on exactly the questions for which there are answers on defense property.

19. (C) For these reasons, we sought a separate deal on immovable defense property in January, but Party for Democratic Action (SDA) leader Sulejman Tihic balked in favor of seeking an overall deal on state property (Ref B). Minister of Defense Cikotic, who is appointed by SDA, did not forward the agreement to the Council of Ministers despite the

obligation to do so under the Defense Law and NATO partnership goals. Since then, the failure to resolve immovable property has been a focus of negative IPAP and PARP assessments from NATO (Ref C). Faced with the prospect of losing 2,700 enlisted soldiers over the next 24 months due to age limits, the Minister will come under increasing pressure to resolve the property issues, which already use up too much manpower and prohibit the Armed Forces from making the reforms needed to move towards NATO. By reinserting defense property into the negotiations on state property, Tihic is threatening to both prolong Bosnia's halted progress towards NATO and risks renegotiation of the achievements on defense property in existing law. Despite his concern that a separate settlement of defense property will set some unwelcome precedent for state property, the defense property process began on a separate track because of the security implications of defense property. In addition, comingling state and defense property now could have the unacceptable result of undermining last year's agreement that all moveable defense property, for security reasons, belongs to the state.

Comment

¶110. (C) Bosnia's politicians, as well as OHR and EU member states, often fail to see defense property as part of the remaining 52 agenda, and assume that it is either achieved (moveable property) or will be part of a deal on state property (immovable property). This ignores dangerous backsliding on moveable property, which continues to pose a threat to safety and security in Bosnia, and prevents politicians and OHR from pursuing what could be an easy win on immovable property -- a win that might create momentum for the resolution of state property. Over the next several weeks, we need to re-focus Bosnian's and the international community's political energy on defense property issues. We also need to make clear that we would not support an assessment that Bosnia has fulfilled the PIC's defense property objective if the Transfer Agreement on Moveable Defense Property remains unimplemented or implemented in a manner that inhibits Bosnia's further progress towards NATO.

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